

## Message Text

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ACTION IO-14

INFO OCT-01 AGRE-00 USIA-06 AID-05 EB-08 AF-10 ARA-10

EA-10 EUR-12 NEA-10 COME-00 ISO-00 TRSE-00 OMB-01

SS-15 SP-02 NSC-05 PA-01 PRS-01 L-03 /114 W

-----045235 011427Z /40

P 311523Z OCT 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 8146

C O N F I D E N T I A L ROME 17760

FODAG

E.O. 11652: GDS

TAGS: EAGR, FAO

SUBJ: DRAFT POST HARVEST LOSSES (PHL) FUND RESOLUTION: LEGAL  
ASPECTS

REF: A) ROME 17758 B) ROME 17759

1. THIS MESSAGE DISCUSSES SOME LEGAL AND FINANCIAL ASPECTS  
OF OPTION NO. 2 IN PARA 3 OF REFTEL (B). WE SHOULD BEAR  
IN MIND THAT WE PROBABLY INSIST ON IMMEDIATE REIMBURSEMENT  
OF SUSPENSE ACCOUNT FUNDS RECOGNIZED AS OURS BY THE GG  
RESOLUTION. THEY WOULD INSTEAD MOVE INTO THE GENERAL FUND  
UNDER SUSPENSE ACCOUNT RULES IN 35/75 AND NOT COME BACK  
TO US UNTIL JANUARY 1, 1979 ANYWAY. BUT LEGAL EXPERTS WILL  
NEED TO EXAMINE WHETHER WE'D GET BACK A SUM EQUIVALENT TO  
ONE THIRD OF THOSE SUSPENSE ACCOUNT FUNDS TRANSFERRED TO THE  
PHL TRUST FUND AND WHETHER THAT SUM, LEFT IN THE SUSPENSE  
ACCOUNT WOULD RETAIN ITS U.S. LABEL IF IT MOVED TO THE  
GENERAL FUND. WOULD WE, IN FACT, SIMPLY GET 25 PERCENT  
OF WHAT WOULD UP IN GENERAL FUND IN JANUARY 1979? IF SO,  
OPTION 2 IS A FINANCIALLY DUBIOUS PROPOSITON.

2. ANOTHER LEGAL QUERY WOULD BE AS TO WHETHER WE  
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COULD INTERPRET OUR DISASSOCIATION FROM THE GG DRAFT  
APPROACH IN A WAY WHICH PERMITTED OUR SHARE OF THE "UP  
TO \$10 MILLION" OF TRANSFERRED SUSPENSE ACCOUNT MONIES  
TO GO INTO THE PHL TRUST FUND CARRYING WITH IT ITS JANUARY 1,  
1979 POTENTIAL FOR REIMBUSEABILITY.

3. FINAL LEGAL OPINION NEEDED WOULD INVOLVE WHETHER,

EVEN IF WE STOOD ASIDE, SAOUMA COULD STILL TRANSFER "UP TO \$10 MILLION" FROM THE SUSPENSE ACCOUNT UNDER THE GG APPROACH AND LEAVE A CORRESPONDING U.S. \$3-1/3 MILLION IN THE SUSPENSE ACCOUNT - A SOLUTION WHICH MIGHT REQUIRE SCALING DOWN, AS WE WOULD PREFER, HIS SPECIAL RESERVE ACCOUNT PROPOSAL. IF HE DID THIS, THE U.S. WOULD IN EFFECT WIND UP, PROVIDING THE FAO, UNDER A PROLONGED SUSPENSE ACCOUNT, ITS INSURANCE AGAINST CURRENCY FLUCTUATIONS - AN INTERESTING IRONY AT A TIME WHEN THESE ORIGINATE PRIMARILY FROM THE DECLINE OF THE DOLLAR.

4. COMMENT: THESE QUERIES, WHETHER RELEVANT OR FAR OUT, REQUIRE ATTENTION BEFORE WE CHOOSE AMONG THE OPTIONS DESCRIBED IN PARAS 3 OF REFTELS. GARDNER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGRICULTURAL PRODUCTION, FUND ALLOTMENT, DISASTER RELIEF, FOODS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Original Handling Restrictions:** n/a  
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**Subject:** DRAFT POST HARVEST LOSSES (PHL) FUND RESOLUTION: LEGAL ASPACTS  
**TAGS:** EAGR, FAO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/f7732227-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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